

Below are the latest developments in Value Added Tax (VAT) in the GCC:

UAE VAT

The Federal Tax Authority has published an updated list of Designated Zones in the UAE as per the updated list two new free zones are added in Abu Dhabi and one new free zone is added in Dubai.

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UAE Cabinet approves the VAT Refund scheme for tourists. The new refund system will integrate retail outlets with tax refund points, in line with the government's efforts to achieve efficient implementation of the tax system and support the growth of tourism in the UAE.

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The Federal Tax Authority published a Value Added Tax (VAT) clarification on use of exchange rates. The UAE Central Bank began publishing exchange rates on 17th May 2018. Businesses are required by the VAT Decree Law to use this exchange rate on any tax invoice issued in a currency other than the UAE Dirham from this date onwards. Tax invoice issued prior to this date should have been converted to UAE Dirham using a reliable source of exchange rates and if this source has been used consistently then there is no requirement to rework the tax invoices issued before 17th May 2018.

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The Federal Tax Authority published a new Voluntary Disclosure Guide. The guide provides an overview of the process of completing the voluntary disclosure form for the Value Added Tax and Excise Tax for submission to the FTA in order to notify them of an error or omission in a Tax return, Tax assessment or Tax Refund application.

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The Federal Tax Authority published a new version of the VAT Refund User Guide wherein the taxable persons must submit a bank account validation letter when submitting a vat refund request form. The letter must be issued and stamped by a Bank and uploaded as an attachment to the refund application and should include the following details:

- ▶ Account Holder Name (must be the same as the taxable person's name as registered with FTA)
- ▶ Bank's Name and Address
- ▶ SWIFT/IBC
- ▶ IBAN

The Refund requests that do not have bank account details will be rejected.

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The Federal Tax Authority has issued a public clarification on Non-Recoverable Input Tax – Entertainment Services. The clarification provides more information on whether costs incurred by business in relation to entertainment services are incidental to business or will qualify only as recreation.

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UAE Federal Tax Authority (FTA) has published a new Designated Zones VAT Guide. The guide provides information about the characteristics of a Free Zone which must be present in order for it to qualify as a Designated Zone for VAT purposes. In addition, this document provides guidance for businesses operating in Designated Zones seeking to understand the VAT implications of their activities within and outside the Designated Zones.

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The Federal Tax Authority has issued a Public Clarification on VAT treatment of Labour Accommodation. The clarification details the facts to be considered to determine whether labour accommodation is:

- ▶ A residential building and therefore exempt from VAT (or Zero Rated if First Supply) or
- ▶ Serviced Accommodation and therefore should be standard rated

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KSA VAT

The General Authority for Zakat and Tax (GAZT) announced that it issued around 500 violations against several hotels and furnished apartments.

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The General Authority for Zakat and Tax (GAZT) and the Saudi Arabian Monetary Agency (SAMA) – represented by the “ESAL” e-platform - signed a Memorandum of Understanding (MoU) to encourage companies and government entities to implement e-invoicing through the e-platform.

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Who we are

Nishe is a boutique professional services firm based in the UAE specialising in the provision of accounting, Value Added Tax (“VAT”) and other related services to clientele in the GCC.

Nishe aspires to work towards uplifting underprivileged women by providing them with the support they require to grow. Nishe is exclusively made up of women professionals who are fiercely determined to make a positive impact on everyone they work with – be it our clients, women who seek our support or anyone else.